

Housing Choice in Texas Scoping Session Summary

Session Details

Location: Austin, Texas

Date: October 13, 2004

Participants:

- Mary Chambers, City of League City
- Walter Moreau, Foundation Communities
- Joanna Moreno, Housing Authority of Corpus Christi
- Karen Paup, Texas Low Income Housing Information Service
- Bill Skeen, Tekoa Partners, Ltd.
- Michaelle Wormly, W.O.M.A.N., Inc.

Facilitators: William Klein, AICP

Lynn M. Ross

Methodology

The Texas APA chapter assisted APA in the selection of participants for the scoping session that would represent a broad range of interests. The session format was that of a facilitated open discussion framed around four general categories: (1) housing demand, (2) housing supply, (3) housing politics, and (4) most promising housing tools. The

session was taped and transcribed. APA staff then conducted a content analysis of the transcript, and coded the responses to identify key themes, which are listed below.

Key Themes

- Affordable Housing: Perception vs. Reality
- Change in Household Composition
- Colonias
- Density
- Developer/Stakeholder Relationship-building
- Downtown, High-End Housing
- Education, Training and Capacity Building
- Gentrification
- Homelessness
- Homeownership Focus
- Missing Regional Approaches
- House Poor Phenomenon
- Housing the Mentally Ill
- Need for Mixed Development
- NIMBY
- Overbuilding of Higher Prices Rental Units
- Overstatement of Need for Elderly
- Political Acceptance of Affordable Housing for Senior vs. Affordable Housing for Other Groups
- Reactive Programming
- Regulatory-Barrier Removal
- Resistance to Inclusionary Zoning
- Role of Housing Authorities
- Role of the Developer
- Segregation
- Service Gap for the Very Low-Income
- State Funding for Housing

- Immigration
- State of Economy: Boom/Bust, Stable, Growing, Shrinking, etc.
- Impact of Federal Programs (HOPE VI, Sections 8, etc.)
- Terminology
- Impact of the Local/Regional Tax Structure
- Urban vs. Rural Market Differences
- Increasing land and construction costs
- Use of Tax Credits
- Jobs-Housing Balance
- Wage/Cost of Living Imbalance
- Lack of Support at State Legislative Level
- Wealth Creation Programs
- Manufactured Housing
- Workforce Housing

Session Summary

If one word could be used to sum up Texas that word would be “big.” Everything is big in Texas—the state itself, the economy, the politics, the population. According to participants at an American Planning Association convened scoping session in October 2004, the need for housing choice is also big in this state. The session was one of six funded by the Fannie Mae Foundation.

When it comes to housing in Texas, the demand is diverse, but the response is decidedly one-size-fits-all. Despite an influx of immigrants, rising homelessness and poverty rates, as well as shifting household composition, the building trend remains focused on private-sector development producing single-family, suburban homes. Bill Skeen, a non-profit housing developer in Austin, notes, “in terms of the market for

housing it's very much a private sector orientation because the regulatory side is anemic and people can pretty much do what they want." Walter Moreau, executive director of Austin's Foundation Communities, added that in his opinion Texas is just less regulated than other parts of the country.

In addition, housing issues receive almost no attention from the Governor's office and minimal financial resources through the Texas legislature. Housing is not generally viewed as being a statewide issue or a regional one for that matter. Federal programs such as Section 8 and HOPE VI are viewed as having little impact.

HOPE VI, in particular, is limited by the fact that Texas never had the public housing stock present in other parts of the country. Moreover, for those units that are removed there is no 1:1 replacement requirement in Texas which greatly limits the use of HOPE VI for new affordable unit production.

The primary production tool in use is the federal-level Low Income Housing Tax Credit. However, a few session participants noted that the administration of the program is complicated and the allocation of funds is often mired in controversy. However, according to Skeen, despite its complications, the LITC is still one of the only means to fund successful affordable housing.

According to several session participants, many individuals and families are completely priced out of the market or put into homeownership situations they are not financially ready for. Mary Chambers, a planner from League City, says that many households in need of affordable units are convinced to become homeowners because of low interest rates, a desire to achieve the American Dream, and programmatic focus of

many banks and housing programs. Says Chambers, “we put people in situations they’re not ready for, the economy goes bust and they’re out of a home.”

Nowhere does this desire for the American Dream play out more dramatically than along the Texas/Mexico border where nearly one-half million residents live in substandard housing in unregulated rural developments called Colonias.

Colonias are a relatively new trend with developments appearing in just the last 10-15 years. By definition, Colonias are unincorporated subdivisions located within 150km of the border, have little or no regulation, and are generally without infrastructure and basic services. It is important to note that although Colonias residents often construct their homes themselves, they purchase the land on contract and the status of legal ownership is often questionable.

Karen Paup, TxLIHIS co-director, explains that “people went out there to a place where they had some hope that one day enough people would move in so they could get water, sewers, streets, lighting, a school bus that would pick their children up and carry them to school. And in the meantime, because they were buying on a contract, they had no equity in the property and couldn’t borrow anything if anybody would have lent to them.” Residents, primarily immigrant households, choose Colonias life because it offers what may be their only opportunity for affordable home ownership.

So where does all of that leave Texas residents in need of affordable housing? Well, action on housing issues seems to take place at the local level through progressive municipalities and non-profit organizations. Again because of the lack of regulation and sheer availability of land in Texas, many of tools typically associated with affordable housing provision simply don’t apply here. Density-based approaches (inclusionary

zoning, accessory apartments, and linkage fees) are an especially difficult sell. Walter Moreau notes “we have a lot of sprawl here, we love sprawl and density just doesn’t mean anything here.”

Local efforts are further challenged by active NIMBY movements, a tradition of race/income segregation, and negative perceptions about affordable housing structures and residents.

Not surprisingly, one of the key suggestions offered by session participants was the need to provide more education and relationship-building opportunities in order put a true face on the need for affordable units and the reality of providing those units in a particular community. Current efforts in Texas are wide ranging and include streamlined permit processing, land assemblage, capacity building, etc.

Most Promising Strategies

Texas participants suggested the following programs as the most promising strategies:

- **Land Assemblage Redevelopment Authority (LARA), Houston -**
 - Established by the Houston City Council in 2003, the Land Assemblage Redevelopment Authority (LARA) aims to transform tax-delinquent property into affordable housing. LARA works to rid communities of dilapidated property, provide more opportunities for residents to remain living affordably in their neighborhoods, generate revenue for the city, and mitigate the effects of gentrification. Prior to launching the program, the city identified over 8,000 tracts of land qualified for foreclosure and redevelopment through LARA. Working under an agreement with other

local taxing bodies, the city sells abandoned property to developers at below-market rates with the understanding that affordable units will be built on the blighted parcels. Not-for-profit CDCs receive the first option to purchase parcels acquired by LARA. The program is currently operating in Houston's Third and Fifth Ward's, but the goal is to create a model program which can be applied citywide.

- **S.M.A.R.T. Housing™, Austin -**
 - The S.M.A.R.T. Housing™ (Safe, Mixed Income, Accessible, Reasonably Priced and Transit Oriented) program expedites the development review process and provides certain fee waivers for new development setting aside at least ten percent of units as “reasonably priced.” Reasonable pricing requires that units be affordable to a family earning eighty percent median income for the Austin area (approximately \$52,000 for a family of four). In addition to meeting the affordability requirement, qualifying developments must also meet Green Builder, accessibility, rehabilitation, design, and transportation standards. Developments meeting all standards and providing forty percent reasonably priced units may qualify for a 100 percent fee waiver. The program is operated by the Austin Housing Finance Corporation and has produced over 3,000 affordable single- and multi-family units since the programs inception in 2000.

- **Volunteer Income Tax Assistance (VITA) program, San Antonio -**
 - The San Antonio Earned Income Tax Credit Coalition formed in 2001 as a partnership between local agencies and non-profits, the City of San

Antonio, Bexar County, and the IRS. Coalition volunteers staff the existing Volunteer Income Tax Assistance (VITA) program, which expanded to not only provide free tax preparation services to low-income residents but also offers financial education programming and focuses on assisting eligible taxpayers in claiming the Earned Income Tax Credit. Low-income tax filers receive assistance at over 30 VITA locations from January through April each year. In 2003, VITA helped file almost 20,000 tax returns which generated \$30 million in tax revenue that went directly back to San Antonio's working poor. Although VITA is not considered a housing program in the traditional sense, it is a wealth creation program with proven direct benefits to eligible filers as well as to the local economy. Similar programs exist in Boston, Chicago, and Denver. Austin's Foundation Communities, a not-for-profit housing developer and social service provider, will launch a program modeled after VITA in early 2005.